

EXHIBIT A

September 11, 2018

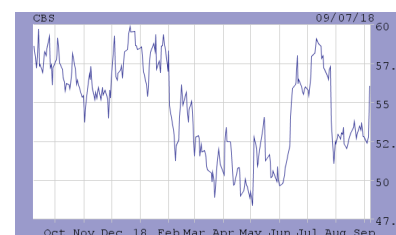
CBS Corporation (CBS)

Near-Term Appears No Les Fundamentally Sound

- ▶ We recently had a chance to sit down with CBS (CBS:Buy, PT \$90) at our annual Benchmark Media/Entertainment/Internet conference prior to the weekend news regarding 2 settlements; one that CEO Les Moonves would step down, to be replaced on at least an interim basis by COO Joe Ianniello, and the other a standstill provision between the Company and the Redstones barring a Viacom (VIAB:Not Rated) merger for at least 2 years. While the departure of Mr. Moonves casts several longer-term shadows over the Company, a refocus on the fundamentals over the next 24 months should augur well for shares given a strong, tight scatter market, healthy sub growth, a record show library and a near-term boost to earnings and cash flow from what should be record political. In addition, at only 8x 2019E EV/OIBDA, we think shares offer compelling value, which could be further enhanced by any efforts to sell the Company during the standstill period.
- ▶ The biggest short-term concern, understandably, is that a major advertiser gets concerned CBS has an image problem and pulls back spend. Our conversations and channel checks indicate, however, that the current scatter market is both strong and tight, with a scarcity of inventory and difficulty replacing CBS in the ad stack acting as near-term defensive measures. Meanwhile, the Company has moved to address the issues at the top, which could help resolve lingering brand issues before ad budgets can be reallocated. Furthermore, CBS is sitting on its largest, unmonetized content library ever, with *Scorpion*, *NCIS:LA* and *NCIS:NO* all immediate licensing opportunities on various platforms, helping to support what we view as still likely conservative guidance for the year, especially as political continues to come in well ahead of forecasts.
- ▶ Another reason we have some confidence, at least through the standstill period, is that the roadmap for both content creation and OTT expansion has largely been laid out. Joe Ianniello was already responsible for MVPD and affiliate negotiations, with revenue likely to continue growing at a mid-20s clip y/y, while All Access should get a boost from live mobile gating, including the NFL, beyond both All Access and Showtime OTT benefiting from record levels of content creation, much of which is already under development. And, should operations head south without Les at the helm, CBS would be in a prime position to seek out strategic alternatives in a market where the majority of OTT shows remain acquired content. We are only slightly ahead of consensus for 2019 but suspect there could be upside to our forecast depending on the timing of licensing deals and given the ongoing strength of non-traditional sub adoption along with healthy step-ups above expectations in both the retrans and reverse markets.

Company Update

Rating:	Buy
Current Price	\$55.20
Price Target	\$90.00
52-Wk Range	\$47.54 - \$61.59
Shares Outstanding (mm)	380
Market Cap (mm)	\$20,976
Enterprise Value (mm)	\$28,176
Average Volume (000s)	4,045
Net Debt (mm)	7,200
Float (mm)	372
Sector Weight	Overweight



FY Dec		Q1	Q2	Q3	Q4	Total	P/E EV/EBITDA
EPS	2017A	\$1.06A	\$1.04A	\$1.11A	\$1.20A	\$4.40A	13x
	2018E	\$1.34A	\$1.12A	\$1.17E	\$1.62E	\$5.25E	11x
	2019E	\$1.56E	\$1.32E	\$1.45E	\$1.57E	\$5.90E	9x
EBITDA	2017A	\$760A	\$725A	\$762A	\$796A	\$3,043A	9x
	2018E	\$837A	\$750A	\$777E	\$990E	\$3,354E	8x
	2019E	\$953E	\$837E	\$879E	\$938E	\$3,608E	8x

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CBS Earnings Expectations			
(\$thousands, except EPS)			
	Benchmark Estimates	2Q18E	Street Consensus
Revenue	\$3,466		\$3,255
Adjusted OIBDA	\$750		\$796
Adjusted EPS - Diluted	\$1.12		\$1.23
	Benchmark Estimates	2018E	Street Consensus
Revenue	\$14,988		\$14,649
Adjusted OIBDA	\$3,354		\$3,331
Adjusted EPS - Diluted	\$5.25		\$5.24
	Benchmark Estimates	2019E	Street Consensus
Revenue	\$16,098		\$15,699
Adjusted OIBDA	\$3,608		\$3,579
Adjusted EPS - Diluted	\$5.90		\$5.88

Source: The Benchmark Company, Thomson First Call

CBS Corporation - Income Statement, 2016 - 2019E				
(\$ in thousands, except per share data)				
Fiscal Year Ending June 30	2016	2017	2018E	2019E
Operating revenue				
Entertainment	\$8,891	\$9,164	\$10,356	\$11,159
Yr. - Yr. Pct. Change	4.9%	3.1%	13.0%	7.8%
Cable Networks	2,160	2,501	2,455	2,718
Yr. - Yr. Pct. Change	-3.7%	15.8%	-1.8%	10.7%
Publishing	767	830	871	932
Yr. - Yr. Pct. Change	-1.7%	8.2%	5.0%	7.0%
Local Media	1,779	1,668	1,866	1,919
Yr. - Yr. Pct. Change	11.7%	-6.2%	11.9%	2.8%
Eliminations	(457)	(471)	(561)	(630)
Total Net revenue	\$13,140	\$13,692	\$14,988	\$16,098
Yr. - Yr. Pct. Change	3.7%	4.2%	9.5%	7.4%
OIBDA	\$3,086	\$3,043	\$3,354	\$3,608
Yr. - Yr. Pct. Change		-1.4%	10.2%	7.6%
EBITDA margin	23.5%	22.2%	22.4%	22.4%
Depreciation and amortization	(225)	(222)	(226)	(226)
Adjusted Operating income	\$2,861	\$2,820	\$3,128	\$3,382
Yr. - Yr. Pct. Change		-1.4%	10.9%	8.1%
Operating income margin	21.8%	20.6%	20.9%	21.0%
Other/Interest income (expense)	(389)	(387)	(489)	(461)
Pre-tax income	\$2,472	\$2,433	\$2,639	\$2,921
Income Tax Benefit (expense)	(855)	(690)	(595)	(701)
Effective tax rate	34.6%	28.4%	22.5%	24.0%
Equity in loss of investee companies, net of tax	(40)	(37)	(49)	(50)
Discontinued operations	263	86	0	0
Net income	\$1,840	\$1,791	\$1,996	\$2,170
EPS - diluted	\$4.11	\$4.40	\$5.25	\$5.90
Yr. - Yr. Pct. Change		7.2%	19.3%	12.4%
Diluted shares	448	407	380	368
Television Broadcast Cash Flow				
OIBDA	3,086	3,043	3,354	3,608
Cash taxes	(855)	(690)	(595)	(701)
Cash interest and other income	(389)	(387)	(489)	(461)
Capital Expenditures	(196)	(185)	(169)	(220)
Change in Working Capital	(181)	(856)	(746)	(500)
Free Cash Flow	\$1,465	\$925	\$1,356	\$1,726
Free Cash Flow per diluted share	\$3.27	\$2.27	\$3.57	\$4.70
Yr. - Yr. Pct. Change		-30.5%	56.9%	31.6%

Source: Company reports and The Benchmark Company

CBS Corporation - Income Statement, 2017

(\$ in thousands, except per share data)

Fiscal Year Ending June 30	1Q	2Q	3Q	4Q	2017
Operating revenue					
Entertainment	\$2,347	\$2,184	\$1,815	\$2,818	\$9,164
Yr. - Yr. Pct. Change	-9.5%	11.9%	-7.0%	17.7%	3.1%
Cable Netw orks	\$543	\$571	\$840	\$547	\$2,501
Yr. - Yr. Pct. Change	3.4%	6.5%	40.5%	9.2%	15.8%
Publishing	\$161	\$206	\$228	\$235	\$830
Yr. - Yr. Pct. Change	11.0%	10.2%	0.9%	12.4%	8.2%
Local Media	\$409	\$412	\$397	\$450	\$1,668
Yr. - Yr. Pct. Change	-8.7%	4.0%	-2.9%	-14.4%	-6.2%
Eliminations	(117)	(116)	(109)	(129)	(471)
Total Net revenue	\$3,343	\$3,257	\$3,171	\$3,921	\$13,692
Yr. - Yr. Pct. Change	-6.9%	9.4%	3.0%	12.3%	4.2%
OIBDA	\$760	\$725	\$762	\$796	\$3,043
Yr. - Yr. Pct. Change	-6.6%	2.5%	-1.7%	0.8%	-1.4%
EBITDA margin	22.7%	22.3%	24.0%	20.3%	22.2%
Depreciation and amortization	(55)	(56)	(55)	(57)	(222)
Adjusted Operating income	\$704	\$669	\$707	\$739	\$2,820
Yr. - Yr. Pct. Change	-6.9%	2.8%	-1.9%	0.8%	-1.4%
Operating income margin	21.1%	20.5%	22.3%	18.8%	20.6%
Other/Interest income (expense)	(95)	(91)	(96)	(105)	(387)
Pre-tax income	\$609	\$578	\$611	\$634	\$2,433
Income Tax Benefit (expense)	(160)	(169)	(174)	(187)	(690)
Effective tax rate	26.3%	29.2%	28.5%	29.5%	28.4%
Equity in loss of investee companies, net of tax	(17)	(12)	(16)	8	(37)
Discontinued operations	9	30	29	18	86
Net income	\$441	\$427	\$450	\$473	\$1,791
EPS - diluted	\$1.06	\$1.04	\$1.11	\$1.20	\$4.40
Yr. - Yr. Pct. Change	3.8%	12.0%	5.9%	7.9%	7.2%
Diluted shares	416	410	406	395	407
Television Broadcast Cash Flow					
OIBDA	760	725	762	796	3,043
Cash taxes	(160)	(169)	(174)	(187)	(690)
Cash interest and other income	(95)	(91)	(96)	(105)	(387)
Capital Expenditures	(27)	(41)	(44)	(73)	(185)
Change in Working Capital	173	(234)	(466)	(329)	(856)
Free Cash Flow	\$651	\$190	(\$18)	\$102	\$925
Free Cash Flow per diluted share	\$1.56	\$0.46	(\$0.04)	\$0.26	\$2.27
Yr. - Yr. Pct. Change	-18.3%	14.6%	-136.0%	-67.1%	-30.5%

Source: Company reports and The Benchmark Company

CBS Corporation - Income Statement, 2018E					
(\$ in thousands, except per share data)					
Fiscal Year Ending June 30	1Q	2Q	3QE	4QE	2018E
Operating revenue					
Entertainment	\$2,716	\$2,365	\$2,280	\$2,995	\$10,356
Yr. - Yr. Pct. Change	15.7%	8.3%	25.6%	6.3%	13.0%
Cable Netw orks	\$609	\$591	\$624	\$631	\$2,455
Yr. - Yr. Pct. Change	12.2%	3.5%	-25.8%	15.4%	-1.8%
Publishing	\$160	\$207	\$258	\$247	\$871
Yr. - Yr. Pct. Change	-0.6%	0.5%	13.0%	5.0%	5.0%
Local Media	\$415	\$420	\$447	\$584	\$1,866
Yr. - Yr. Pct. Change	1.5%	1.9%	12.5%	29.9%	11.9%
Eliminations	(\$134)	(\$117)	(\$150)	(\$160)	(\$561)
Total Net revenue	\$3,766	\$3,466	\$3,458	\$4,297	\$14,988
Yr. - Yr. Pct. Change	12.7%	6.4%	9.1%	9.6%	9.5%
OIBDA	\$837	\$750	\$777	\$990	\$3,354
Yr. - Yr. Pct. Change	10.1%	3.4%	2.0%	24.4%	10.2%
EBITDA margin	22.2%	21.6%	22.5%	23.0%	22.4%
Depreciation and amortization	(56)	(56)	(56)	(58)	(226)
Adjusted Operating income	\$781	\$694	\$721	\$932	\$3,128
Yr. - Yr. Pct. Change	10.9%	3.7%	2.0%	26.2%	10.9%
Operating income margin	20.7%	20.0%	20.8%	21.7%	20.9%
Other/Interest income (expense)	(112)	(126)	(126)	(125)	(489)
Pre-tax income	\$669	\$568	\$595	\$807	\$2,639
Income Tax Benefit (expense)	(137)	(121)	(143)	(194)	(595)
Effective tax rate	20.5%	21.3%	24.0%	24.0%	22.5%
Equity in loss of investee companies, net of tax	(14)	(20)	(10)	(5)	(49)
Discontinued operations	0	0	0	0	0
Net income	\$518	\$427	\$442	\$609	\$1,996
EPS - diluted	\$1.34	\$1.12	\$1.17	\$1.62	\$5.25
Yr. - Yr. Pct. Change	26.6%	7.6%	5.5%	35.5%	19.3%
Diluted shares	386	381	378	375	380
Television Broadcast Cash Flow					
OIBDA	837	750	777	990	3,354
Cash taxes	(137)	(121)	(143)	(194)	(595)
Cash interest and other income	(112)	(126)	(126)	(125)	(489)
Capital Expenditures	(30)	(32)	(32)	(75)	(169)
Change in Working Capital	129	(175)	(400)	(300)	(746)
Free Cash Flow	\$687	\$296	\$76	\$297	\$1,356
Free Cash Flow per diluted share	\$1.78	\$0.78	\$0.20	\$0.79	\$3.57
Yr. - Yr. Pct. Change	13.7%	67.6%	-554.1%	206.2%	56.9%

Source: Company reports and The Benchmark Company

CBS Corporation - Income Statement, 2019E					
(\$ in thousands, except per share data)					
Fiscal Year Ending June 30	1QE	2QE	3QE	4QE	2019E
Operating revenue					
Entertainment	\$3,235	\$2,495	\$2,374	\$3,055	\$11,159
Yr. - Yr. Pct. Change	19.1%	5.5%	4.1%	2.0%	7.8%
Cable Netw orks	\$653	\$636	\$696	\$733	\$2,718
Yr. - Yr. Pct. Change	7.2%	7.6%	11.6%	16.2%	10.7%
Publishing	\$171	\$219	\$265	\$276	\$932
Yr. - Yr. Pct. Change	7.0%	6.0%	3.0%	12.0%	7.0%
Local Media	\$465	\$463	\$452	\$539	\$1,919
Yr. - Yr. Pct. Change	12.0%	10.3%	1.2%	-7.8%	2.8%
Eliminations	(\$150)	(\$150)	(\$160)	(\$170)	(\$630)
Total Net revenue	\$4,374	\$3,663	\$3,627	\$4,434	\$16,098
Yr. - Yr. Pct. Change	16.1%	5.7%	4.9%	3.2%	7.4%
OIBDA	\$953	\$837	\$879	\$938	\$3,608
Yr. - Yr. Pct. Change	13.9%	11.6%	13.1%	-5.2%	7.6%
EBITDA margin	21.8%	22.9%	24.2%	21.2%	22.4%
Depreciation and amortization	(56)	(56)	(56)	(58)	(226)
Adjusted Operating income	\$897	\$781	\$823	\$880	\$3,382
Yr. - Yr. Pct. Change	14.9%	12.6%	14.1%	-5.6%	8.1%
Operating income margin	20.5%	21.3%	22.7%	19.9%	21.0%
Other/Interest income (expense)	(112)	(112)	(112)	(125)	(461)
Pre-tax income	\$785	\$669	\$711	\$755	\$2,921
Income Tax Benefit (expense)	(188)	(161)	(171)	(181)	(701)
Effective tax rate	24.0%	24.0%	24.0%	24.0%	24.0%
Equity in loss of investee companies, net of tax	(15)	(20)	(10)	(5)	(50)
Discontinued operations	0	0	0	0	0
Net income	\$582	\$489	\$530	\$569	\$2,170
EPS - diluted	\$1.56	\$1.32	\$1.45	\$1.57	\$5.90
Yr. - Yr. Pct. Change	16.6%	18.2%	23.8%	-3.4%	12.4%
Diluted shares	372	369	366	363	368
Television Broadcast Cash Flow					
OIBDA	953	837	879	938	3,608
Cash taxes	(188)	(161)	(171)	(181)	(701)
Cash interest and other income	(112)	(112)	(112)	(125)	(461)
Capital Expenditures	(55)	(55)	(55)	(55)	(220)
Change in Working Capital	150	(150)	(300)	(200)	(500)
Free Cash Flow	\$748	\$360	\$241	\$377	\$1,726
Free Cash Flow per diluted share	\$2.01	\$0.97	\$0.66	\$1.04	\$4.70
Yr. - Yr. Pct. Change	13.0%	25.5%	227.2%	31.4%	31.6%

Source: Company reports and The Benchmark Company

Important Disclosures

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Firm-Wide Stock Ratings Distribution

As of June 30, 2018

	All Covered Companies		Investment Banking Clients	
Buy	118	79%	17	14%
Hold	31	20%	0	0%
Sell	1	1%	0	0%

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Buy: Stock is expected to outperform the analyst's defined Sector/Industry Index* over the following 6 to 12 months.

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The Benchmark Company Disclosures as of September 11, 2018

Company	Disclosure
CBS Corporation	

Research Disclosure Legend

- In the past 12 months, Benchmark or its affiliates have received compensation for investment banking services from the subject company.

CBS Investment Risks

CBS faces economic risks associated with overall advertising spending. Traditionally during economic slowdowns, advertising and marketing budgets are cut to align expenses with weaker business prospects. A slower-than-anticipated economic recovery could hinder revenue growth.

In addition to the economic slowdown, traditional advertising media are facing increased competition from the Internet and other new media alternatives. The migration of advertising to the Internet has hindered most traditional advertising formats. Advertisers may view alternative options as more cost effective, limiting CBS' growth and growth potential.

CBS carries a heavy debt load, with total long-term debt of \$8.2 billion which is 2.5x our 2015E OIBDA. A slower-than-expected economic recovery and resulting shortfall in advertising revenues could hinder CBS' cash flow growth, limiting its ability to meet its debt obligations. CBS' heavy debt load also makes valuation vulnerable.

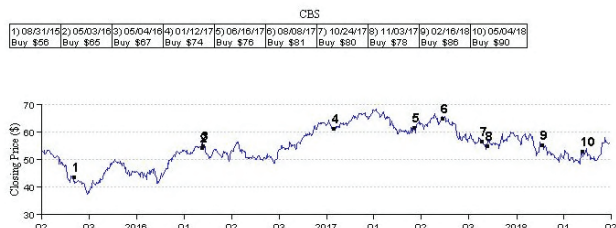
The biggest risk to the story comes on the legal front. CBS is currently engaged in a battle with controlling shareholder Shari Redstone in a bid to derail her efforts to force a Viacom (VIAB:Not Rated) merger, which CEO Les Moonves is currently facing major personal conduct allegations.

CBS Valuation Methodology

Given CBS' premium ratings and content library, along with support from a growing OTT business via All Access and Showtime, we are assigning an industry appropriate 12x 2019 OIBDA multiple to Entertainment and Cable, 6x to Publishing and 9x blended 2018/2019 to Local Media, resulting in a share price of \$90.

Price Charts

Benchmark Company, LLC disclosure price charts are updated within the first fifteen days of each new calendar quarter per FINRA regulations. Price charts for companies initiated upon in the current quarter, and rating and target price changes occurring in the current quarter, will not be displayed until the following quarter. Additional information on recommended securities is available on request.

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EQUITY AND INDUSTRY RESEARCH

September 18, 2018

CBS Corporation (CBS: \$56.30 Outperform; \$71 PT)

Call with Interim-CEO Joe Ianiello Leaves Us With Additional Conviction; Market Continues to Focus on M&A Prospects, in Our View, and May Be Disregarding Numerous Fundamental Catalysts; Maintaining Our Outperform Rating and PT of \$71

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Key Data

Symbol: CBS
Price (9/17/18): \$56.30
Rating: Outperform
Price Target: \$71

Estimates:

2018E EBITDA: \$3,238.0
2019E EBITDA: \$3,476.3
2018E EPS: \$5.25
2019E EPS: \$5.93
2018E EV/EBITDA: 9.5x
2019E EV/EBITDA: 8.8x

Consensus Estimates:

F18 EPS: \$5.25
F19 EPS: \$5.86

Figure 1. CBS Corporation—Key Company Data, Prices as of 9/17/18

Key Data		FY: Dec	2017A	2018E	2019E
Price:	\$56.30	EPS	Actual	New	Old
Price Target:	\$71.00	Q1	1.09	1.32A	1.64
Rating:	Outperform	Q2	0.97	1.12A	1.33
52-Week Range:	\$47.54 - \$68.75	Q3	1.11	1.20	1.36
Market Cap. (\$mm):	21,450.3	Q4	1.20	1.58	1.60
Shares Out. (mm):	381.0	Year	4.37	5.25	5.93
Avg. Daily Vol.:	3,696.3	P/E	12.9x	10.7x	9.5x
Beta:	1.49				
		Consensus EPS	N/A	5.25	5.86
Total Debt (\$mm):	9,464.0	EBITDA (\$mm)	3,042.0	3,238.0	3,476.3
Net Debt (\$mm):	9,212.0	EV/EBITDA	10.1x	9.5x	8.8x
EV (\$mm):	30,662.3	Revenue (\$mm)			
		Q1	3,343.0	3,761.0A	4,401.3
		Q2	3,257.0	3,466.0A	3,698.6
		Q3	3,171.0	3,258.5	3,443.4
		Q4	3,921.0	4,188.3	4,279.2
		Year	13,692.0	14,673.8	15,822.5
		Consensus Revenue	N/A	14,642.3	15,684.4

*vs. S&P 500

Sources: Company data, S&P Capital IQ, and Imperial Capital, LLC.

Financial Summary

CBS generated revenues of \$14.3bn, segment operating income of \$2.87bn, cumulative EBITDA of \$3.10bn, and net EPS of \$4.77 for the latest 12 months (LTM) ended 6/30/18. As of 6/30/18, the company had \$252.0mn of cash/cash equivalents and \$9.46bn of long-term debt.

View

We are maintaining our Outperform rating on CBS shares and our one-year price target of \$71, about 30% above the recent share price. We are slightly lowering our FY18 estimates due to higher costs. Our FY19 estimates remain unchanged. See Figure 1 for our updated estimates.

Rationale

Highlights from our call with interim CEO Ianiello. Late in the trading session on 9/14/18, we participated in a telephone call with the CBS investor relations team and interim CEO Joe Ianiello. The call went for about 15 minutes, and having known Mr. Ianiello for many years, we were not surprised to hear that many of initiatives championed by Mr. Ianiello's predecessor Les Moonves, and many of which have been contributing to CBS' earnings profile of 20%+ EPS growth in 2018, will continue, with those being: **1)** Continued nurturing and development of *CBS All Access* and *Showtime OTT*, guidance for which was improved substantially on CBS' fiscal 2Q earnings call; **2)** The launch of both of those OTT services in additional international markets beyond the success of Canada, which took place in April 2018, with Australia the next country set for launch next month; **3)** The launch of the *Entertainment Tonight* streaming product, with a date as-yet to be announced, but which we believe could be sometime in late October; and **4)** Continued and consistent execution of the company's return of capital initiatives, which are arguably the strongest amongst the large-cap media set. Mr. Ianiello also referenced new leadership at CBS' stalwart franchise *60 Minutes*, as Jeff Fager, who was the other executive at CBS accused of behavioral misconduct in the first *New Yorker* article dated 7/28/18, has now also stepped down, and has now been replaced by Bill Owens. In addition, Mr. Ianiello expressed profound deference and humility at the chance of becoming CBS' permanent CEO, and characterized his trial period as a chance to prove to the CBS board that he is the right person for the job in the long term. While we believe it to be ironic for an executive of Mr. Ianiello's caliber to be under any sort of "trial," that is simply the reality right now and, if we had to prognosticate, we believe that trial period will last 3-4 month.

Company Description

CBS is a global mass media company, and operates through four segments: Entertainment, Cable Networks, Publishing, and Local Media. The Entertainment segment distributes news, sports and scripted content, produces, acquires, and/or distributes programming, operates online content networks for information and entertainment; and produces and distributes theatrical motion pictures and digital streaming services. The Cable Networks segment offers subscription program services, such as original series, documentaries and other sports-related programming, primarily through Showtime. The Publishing segment publishes and distributes consumer books in printed, digital and audio formats, and publishes titles based on the products of the company as well as that of third parties; and distributes products for other publishers. The Local Media segment owns 29 broadcast television stations; and operates local Websites, including select content from those station properties.

Important Disclosures, Certifications and Other Information

See the last page of this report for important disclosures, analyst certifications and other information concerning conflicts of interest that may exist between the subject of this report and Imperial Capital, LLC, Imperial Capital Asset Management, LLC and/or the author(s) of this report.

Additional information is available upon request.



Capitalization

Figure 2. CBS Corporation—Capitalization as of 6/30/18, Prices as of 9/17/18

LTM Revenues (\$mm)			Debt		Net Debt		Price / Yield				Interest Exp.		
LTM EBITDA (\$mm)			Face		Face		Analysis				Analysis		
LTM EBITDA %													
LTM FCF (\$mm)													
Settlement Date			Cum.		Net						Est. Rate/		
			Debt		Debt						Int. Exp.		
			EBITDA		EBITDA								
			Face		Face								
			Mult.		Mult.								
Cash & short-term investments							Price	YTM	Mat.	Type	Mat.	Coup.	Int. Exp.
Total Company debt													
Net debt													
Equity													
Equity Value											Price	Shrs Out	
Enterprise Value													

Sources: Company data and Imperial Capital, LLC.

Rationale (continued)

Many catalysts still to play out. With that as backdrop, we believe the market is focusing way too much on management changes, as well as prospects of a re-merger with Viacom (VIAB), and ignoring all the catalysts central to CBS, of which there are many, including: **1)** A political advertising windfall in 4Q18, as 33 Senate seats are up for re-election, and all 435 Congressional seats are up for re-election; **2)** CBS' broadcast of the Superbowl on 2/3/19, which based on our analysis, will contribute to 22.3% EPS growth in 1Q19 versus 1Q18; **3)** Higher rate card growth for retransmission consent for approximately 75% of CBS' O&O (owned and operated) station economics over the next two fiscal years, as every newly-negotiated contract re-sets the bar for other transactions that follow.

Why can't investors stop talking about M&A? In addition, we'd have to say, we are truly astounded by the number of recent press reports suggesting that just because Les Moonves has stepped down, that suddenly CBS is a potential takeover target, as if to suggest that Mr. Moonves was somehow against selling the company, which was never the case. While we are certain the CBS board would diligently evaluate any bid for CBS, should that ever take place, we remind investors that no one corporate entity is allowed to own two broadcast networks, which would exclude Comcast (CMCSA) and Disney (DIS) from any M&A discussion, and that U.S. broadcast networks are not allowed to be owned by foreign entities, per current FCC rules.

Valuation

We continue to believe that CBS should be valued by the market as a content producer rather than just an advertising opportunity or a "broadcaster." We also believe that the Street places too much emphasis on CBS' exposure to advertising while discounting CBS' production capabilities, with now currently 66 series in production at its Radford Street studios in Studio City, CA. As such, we see no reason why CBS should not eventually trade at a peak, large-cap, content media multiple of 11.0x EV/EBITDA on the out year, which implies a \$71 share price.



Figure 3. CBS Corporation—Quarterly Income Statement, 2016–2019E

	2016				2017				2018				2019			
	Q1: Mar	Q2: Jun	Q3: Sep	Q4: Dec	Q1: Mar	Q2: Jun	Q3: Sep	Q4: Dec	Q1: Mar	Q2: Jun	Q3: Sep(E)	Q4: Dec(E)	Q1: Mar (E)	Q2: Jun (E)	Q3: Sep(E)	Q4: Dec(E)
Revenues:																
Entertainment	2,587.0	1,947.0	1,949.0	2,394.0	2,347.0	2,184.0	1,815.0	2,818.0	2,716.0	2,365.0	1,852.3	2,886.6	3,248.6	2,446.6	2,025.6	2,964.6
Cable Networks	525.0	536.0	598.0	501.0	543.0	571.0	840.0	547.0	609.0	591.0	855.6	585.6	625.3	640.1	875.4	595.3
Publishing	145.0	187.0	226.0	209.0	161.0	206.0	228.0	235.0	160.0	207.0	235.4	255.1	170.4	232.5	230.6	265.6
Total Content Group	3,257.0	2,670.0	2,773.0	3,104.0	3,051.0	2,961.0	2,883.0	3,600.0	3,485.0	3,163.0	2,943.3	3,727.3	4,044.3	3,319.2	3,131.6	3,825.5
Local Broadcasting	649.0	647.0	728.0	526.0	409.0	412.0	397.0	450.0	415.0	420.0	425.7	582.5	480.3	493.6	434.3	576.2
Total Local Group	649.0	647.0	728.0	526.0	409.0	412.0	397.0	450.0	415.0	420.0	425.7	582.5	480.3	493.6	434.3	576.2
Intercompany Eliminations	(57.0)	(30.0)	(105.0)	(112.0)	(117.0)	(116.0)	(109.0)	(129.0)	(139.0)	(117.0)	(110.5)	(121.5)	(123.3)	(114.2)	(122.5)	(122.5)
Cume Revenues	3,849.0	3,287.0	3,396.0	3,518.0	3,343.0	3,257.0	3,171.0	3,921.0	3,761.0	3,466.0	3,258.5	4,188.3	4,401.3	3,698.6	3,443.4	4,279.2
Yr-to-Yr change	10.0%	2.1%	4.3%	-10.0%	-13.1%	-0.9%	-6.6%	11.5%	12.5%	6.4%	2.8%	6.8%	17.0%	6.7%	5.7%	2.2%
Qtr-to-Qtr change	-1.6%	-14.6%	3.3%	3.6%	-5.0%	-2.6%	-2.6%	23.7%	-4.1%	-7.8%	-6.0%	28.5%	5.1%	-16.0%	-6.9%	24.3%
Expenses:																
Direct Operating Expenses	2,203.7	1,708.0	1,773.8	1,996.9	1,932.5	1,836.0	1,712.0	2,419.0	2,221.0	2,034.5	1,777.5	2,527.6	2,719.6	2,177.8	1,888.6	2,655.9
% of Sales	57.3%	52.0%	52.2%	56.8%	57.8%	56.4%	54.0%	61.7%	59.1%	58.7%	54.5%	60.3%	61.8%	58.9%	54.8%	62.1%
SG&A	760.3	783.0	763.2	731.1	666.5	681.0	697.0	706.0	712.0	716.5	721.0	725.7	722.5	723.5	738.3	720.0
% of Sales	19.8%	23.8%	22.5%	20.8%	19.9%	20.9%	22.0%	18.0%	18.9%	20.7%	22.1%	17.3%	16.4%	19.6%	21.4%	16.8%
Depreciation & Amortization	64.0	63.0	61.0	57.0	40.0	71.0	55.0	57.0	56.0	56.0	55.0	56.0	57.0	57.0	57.0	58.0
% of Sales	1.7%	1.9%	1.8%	1.6%	1.2%	2.2%	1.7%	1.5%	1.5%	1.6%	1.7%	1.3%	1.3%	1.5%	1.7%	1.4%
Other charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% of Sales	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Op Costs & Expenses	3,028.0	2,554.0	2,598.0	2,785.0	2,639.0	2,588.0	2,464.0	3,182.0	2,989.0	2,807.0	2,553.5	3,309.3	3,499.1	2,958.3	2,683.9	3,433.9
% of Sales	78.7%	77.7%	76.5%	79.2%	78.9%	79.5%	77.7%	81.2%	79.5%	81.0%	78.4%	79.0%	79.5%	80.0%	77.9%	80.2%
Total Operating Income	821.0	733.0	798.0	733.0	704.0	669.0	707.0	739.0	772.0	659.0	705.0	879.0	902.2	740.3	759.5	845.3
Yr-to-Yr change	17.0%	14.4%	6.0%	-1.2%	-14.3%	-8.7%	-11.4%	0.8%	9.7%	-1.5%	-0.3%	18.9%	16.9%	12.3%	7.7%	-3.8%
EBIT margin	21.3%	22.3%	23.5%	20.8%	21.1%	20.5%	22.3%	18.8%	20.5%	19.0%	21.6%	21.0%	20.5%	20.0%	22.1%	19.8%
EBITDA (check)	885.0	796.0	859.8	770.0	744.0	740.0	762.0	796.0	828.0	715.0	760.0	935.0	959.2	797.3	816.5	903.3
EBITDA Profile:																
Entertainment	479.0	381.0	376.0	400.0	427.0	373.0	374.0	495.0	522.0	387.0	360.1	527.3	588.2	413.8	386.9	523.4
Cable Networks	234.0	232.0	291.0	225.0	254.0	259.0	299.0	207.0	236.0	261.0	327.3	220.0	266.5	273.4	343.0	241.6
Publishing	14.0	28.0	45.0	38.0	15.0	30.0	48.0	45.0	17.0	33.0	50.3	57.1	22.2	38.3	55.3	47.7
Total Content Group	727.0	641.0	712.0	663.0	696.0	662.0	721.0	747.0	775.0	681.0	737.7	804.4	876.9	725.5	785.2	812.7
Local Broadcasting	225.0	230.0	217.0	227.0	134.0	139.0	116.0	148.0	129.0	139.0	115.6	221.6	157.3	169.4	130.6	181.6
Total Local Group	225.0	230.0	217.0	227.0	134.0	139.0	116.0	148.0	129.0	139.0	115.6	221.6	157.3	169.4	130.6	181.6
Segment EBITDA	952.0	871.0	929.0	890.0	830.0	801.0	837.0	895.0	904.0	820.0	853.3	1,026.0	1,034.2	894.9	915.8	994.3
Yr-to-Yr change	14.7%	14.2%	8.1%	-1.0%	-12.8%	-8.0%	-9.9%	0.6%	8.9%	2.4%	1.9%	14.6%	14.4%	9.1%	7.3%	-3.1%
Corporate Expenses/Eliminations	(35.2)	(35.0)	(47.0)	(62.2)	(40.5)	(20.7)	(37.0)	(47.0)	(41.0)	(54.0)	(50.0)	(45.2)	(41.0)	(49.1)	(51.0)	(50.2)
Residual Cost of Discontinued Ops	(31.8)	(40.0)	(22.2)	(57.8)	(45.5)	(40.3)	(38.0)	(52.0)	(35.0)	(51.0)	(43.3)	(45.8)	(34.0)	(48.5)	(48.3)	(40.8)
Consolidated EBITDA	885.0	796.0	859.8	770.0	744.0	740.0	762.0	796.0	828.0	715.0	760.0	935.0	959.2	797.3	816.5	903.3
EBITDA/share	1.91	1.75	1.93	1.79	1.79	1.80	1.88	2.02	2.15	1.88	2.01	2.53	2.63	2.23	2.32	2.60
% of Sales	23.0%	24.2%	25.3%	21.9%	22.3%	22.7%	24.0%	20.3%	22.0%	20.6%	23.3%	22.3%	21.8%	21.6%	23.7%	21.1%
Yr-to-Yr change	14.9%	22.1%	13.2%	-5.2%	-15.9%	-7.0%	-11.4%	3.4%	11.3%	-3.4%	-0.3%	17.5%	15.8%	11.5%	7.4%	-3.4%
Other Expenses:																
Interest Expense, net	(100.0)	(100.0)	(104.0)	(107.0)	(109.0)	(111.0)	(116.0)	(121.0)	(118.0)	(116.0)	(116.0)	(116.0)	(116.0)	(116.0)	(116.0)	(116.0)
Interest Income	7.0	8.0	7.0	10.0	13.0	15.0	17.0	19.0	17.0	14.0	(4.2)	(2.3)	(6.2)	(6.0)	(11.3)	(8.0)
Other items, net	(3.0)	(4.0)	2.0	(5.0)	1.0	5.0	(2.0)	(11.0)	(11.0)	(19.0)	(0.1)	(2.0)	(5.3)	(3.3)	(7.3)	(9.0)
Total other expense	(96.0)	(96.0)	(95.0)	(102.0)	(95.0)	(91.0)	(101.0)	(113.0)	(112.0)	(121.0)	(120.3)	(120.3)	(127.5)	(125.3)	(134.6)	(133.0)
Other expense as % of Ebitda	-11%	-12%	-11%	-13%	-13%	-12%	-13%	-14%	-14%	-17%	-16%	-13%	-13%	-16%	-16%	-15%
Income before income taxes	725.0	637.0	703.0	631.0	609.0	578.0	606.0	626.0	660.0	538.0	584.7	758.7	774.7	615.0	624.9	712.3
Provision for income taxes	(231.0)	(205.0)	(176.0)	(149.0)	(138.0)	(169.0)	(138.0)	(160.9)	(135.0)	(113.0)	(128.6)	(170.7)	(171.2)	(132.2)	(137.5)	(151.0)
Tax Rate	-31.9%	-32.2%	-25.0%	-23.6%	-22.7%	-29.2%	-22.8%	-25.7%	-20.5%	-21.0%	-22.0%	-22.5%	-22.1%	-21.5%	-22.0%	-21.2%
Equity in affiliated companies	(21.0)	(9.0)	(13.0)	(7.0)	(0.2)	(12.0)	(16.0)	8.0	(7.0)	-	(0.6)	(2.2)	(5.6)	(7.0)	(7.6)	(5.9)
Minority Interest	-	-	(36.0)	-	(17.0)	-	-	-	-	-	-	-	-	-	-	-
After-tax cash flow	537.0	486.0	539.0	532.0	493.8	468.0	507.0	530.1	574.0	481.0	510.5	641.8	654.9	532.8	536.8	613.4
ATCF/share	1.16	1.07	1.21	1.24	1.19	1.14	1.25	1.34	1.49	1.26	1.35	1.73	1.80	1.49	1.52	1.76
Net income	473.0	423.0	478.0	475.0	453.8	397.0	452.0	473.1	518.0	425.0	455.5	585.8	597.9	475.8	479.8	555.4
Diluted shares outstanding	464.0	455.0	446.0	429.0	416.0	410.0	406.0	395.0	386.0	381.0	378.0	370.0	364.3	358.1	352.1	347.6
Diluted EPS	\$1.02	\$0.93	\$1.07	\$1.11	\$1.09	\$0.97	\$1.11	\$1.20	\$1.34	\$1.12	\$1.20	\$1.58	\$1.64	\$1.33	\$1.36	\$1.60

Sources: Company filings, S&P Capital IQ and Imperial Capital, LLC.

**Figure 4. CBS Corporation—Annual Income Statement, 2013–2019E**

	2013	Yr-to-Yr % Chg	2014	Yr-to-Yr % Chg	2015	Yr-to-Yr % Chg	2016	Yr-to-Yr % Chg	2017	Yr-to-Yr % Chg	2018(E)	Yr-to-Yr % Chg	2019(E)	Yr-to-Yr % Chg
Revenues:														
Entertainment	8,645.0	12.4%	8,309.0	-3.9%	8,438.0	1.6%	8,877.0	5.2%	9,164.0	3.2%	9,819.9	7.2%	10,685.4	8.8%
Cable Networks	2,069.0	16.8%	2,176.0	5.2%	2,242.0	3.0%	2,160.0	-3.7%	2,501.0	15.8%	2,641.2	5.6%	2,736.1	3.6%
Publishing	809.0	2.4%	778.0	-3.8%	780.0	0.3%	767.0	-1.7%	830.0	8.2%	857.5	3.3%	899.1	4.9%
Total Content Group	11,523.0	12.4%	11,263.0	-2.3%	11,460.0	1.7%	11,804.0	3.0%	12,495.0	5.9%	13,318.6	6.6%	14,320.6	7.5%
Local Broadcasting	2,696.0	-2.8%	2,756.0	2.2%	2,607.0	-5.4%	2,550.0	-2.2%	1,668.0	-34.6%	1,843.2	10.5%	1,984.4	7.7%
Outdoor	1,304.0	0.6%	288.0	NM	-	NM	-	NM	-	NM	-	NM	-	NM
Total Local Group	4,000.0	-1.7%	3,044.0	-23.9%	2,607.0	-14.4%	2,550.0	-2.2%	1,668.0	-34.6%	1,843.2	10.5%	1,984.4	7.7%
Intercompany Eliminations	(239.0)	0.8%	(221.0)	-7.5%	(181.0)	-18.1%	(304.0)	68.0%	(471.0)	54.9%	(488.0)	3.6%	(482.5)	-1.1%
Cume Revenues	15,284.0	8.5%	14,086.0	-7.8%	13,886.0	-1.4%	14,050.0	1.2%	13,692.0	-2.5%	14,673.8	7.2%	15,822.5	7.8%
Expenses:														
Direct Operating Expenses	8,627.0	11.0%	7,771.3	-9.9%	7,599.2	-2.2%	7,682.4	1.1%	7,899.5	2.8%	8,560.6	8.4%	9,441.9	10.3%
% of Sales	56.4%		55.2%		54.7%		54.7%		57.7%		58.3%		59.7%	
SG&A	2,938.0	2.6%	2,966.2	1.0%	3,048.1	2.8%	3,037.6	-0.3%	2,750.5	-9.5%	2,875.2	4.5%	2,904.3	1.0%
% of Sales	19.2%		21.1%		22.0%		21.6%		20.1%		19.6%		18.4%	
Depreciation & Amortization	457.0	-3.0%	372.0	-18.6%	401.0	7.8%	245.0	-38.9%	223.0	-9.0%	223.0	0.0%	229.0	2.7%
% of Sales	3.0%		2.6%		2.9%		1.7%		1.6%		1.5%		1.4%	
Other charges	-	NM	-	NM	-	NM	-	NM	-	NM	-	NM	-	NM
% of Sales	NA		NA		NA		NA		NA		NA		NA	
Total Op Costs & Expenses	12,022.0	8.2%	11,109.5	-7.6%	11,048.3	-0.6%	10,965.0	-0.8%	10,873.0	-0.8%	11,658.8	7.2%	12,575.2	7.9%
Operating Income	3,262.0	9.4%	2,976.5	-8.8%	2,837.7	-4.7%	3,085.0	8.7%	2,819.0	-8.6%	3,015.0	7.0%	3,247.3	7.7%
% of Sales	21.3%		21.1%		20.4%		22.0%		20.6%		20.5%		20.5%	
OIBDA (check)	3,719.0	7.0%	3,245.0	-12.7%	2,993.8	-7.7%	3,310.8	10.6%	3,042.0	-8.1%	3,238.0	6.4%	3,476.3	7.4%
Entertainment	1,758.0	13.5%	1,455.0	-17.2%	1,420.0	-2.4%	1,636.0	15.2%	1,669.0	2.0%	1,796.4	7.6%	1,912.3	6.5%
Cable Networks	898.0	10.7%	997.0	11.0%	968.0	-2.9%	982.0	1.4%	1,019.0	3.8%	1,044.3	2.5%	1,124.5	7.7%
Publishing	113.0	27.0%	107.0	-5.3%	120.0	12.1%	125.0	4.2%	138.0	10.4%	157.4	14.1%	163.5	3.9%
Total Content Group	2,769.0	13.1%	2,559.0	-7.6%	2,508.0	-2.0%	2,743.0	9.4%	2,826.0	3.0%	2,998.1	6.1%	3,200.3	6.7%
Local Broadcasting	898.0	-6.2%	965.0	7.5%	843.0	-12.6%	899.0	6.6%	537.0	-40.3%	605.2	12.7%	638.9	5.6%
Outdoor	411.0	8.7%	69.0	NM	-	NM	-	NM	-	NM	-	NM	-	NM
Total Local Group	1,309.0	-1.9%	1,034.0	-21.0%	843.0	-18.5%	899.0	6.6%	537.0	-40.3%	605.2	12.7%	638.9	5.6%
Corporate Expenses/Eliminations	(264.3)	12.7%	(187.5)	-29.1%	(172.0)	-8.3%	(179.4)	4.3%	(145.2)	-19.1%	(190.2)	31.0%	(191.3)	0.6%
Residual Cost of Discontinued Ops	(97.7)	59.1%	(160.5)	64.3%	(185.2)	15.4%	(151.8)	-18.0%	(175.8)	15.8%	(175.1)	-0.4%	(171.6)	-2.0%
Consolidated EBITDA	3,716.0	6.5%	3,245.0	-12.7%	2,993.8	-7.7%	3,310.8	10.6%	3,042.0	-8.1%	3,238.0	6.4%	3,476.3	7.4%
% of Sales	24.3%		23.0%		21.6%		23.6%		22.2%		22.1%		22.0%	
EBITDA/share	5.89		6.12		6.32		7.21		7.70		8.75		10.00	
Non-maintenance Cap-ex	443.3	4.2%	766.3	72.9%	561.2	-26.8%	889.3	58.5%	990.0	11.3%	1,066.0	7.7%	1,066.0	0.0%
Free Cash Flow	1,918.7	8.0%	1,257.7	-34.5%	1,226.0	-2.5%	1,249.5	1.9%	989.1	-20.8%	1,158.7	17.1%	1,354.4	16.9%
FCF/share	3.04		2.37		2.59		2.72		2.50		3.13		3.90	
Other Expenses:														
Interest Expense, net	(376.0)	-6.5%	(376.0)	0.0%	(392.0)	4.3%	(411.0)	4.8%	(457.0)	11.2%	(466.0)	2.0%	(464.0)	-0.4%
Interest Income	8.0	NM	13.0	NM	24.0	NM	32.0	NM	64.0	NM	24.5	NM	(31.5)	NM
Other items, net	6.0	-123.1%	(30.0)	-600.0%	(7.0)	-76.7%	(10.0)	NM	(7.0)	NM	(32.1)	NM	(24.9)	NM
Total other expense	(362.0)	-14.2%	(393.0)	8.6%	(375.0)	-4.6%	(389.0)	3.7%	(400.0)	2.8%	(473.6)	18.4%	(520.4)	9.9%
Other expense as a % of EBITDA	-9.7%	-19.5%	-12.1%	24.3%	-12.5%	3.4%	-11.7%	-6.2%	-13.1%	11.9%	-14.6%	11.2%	-15.0%	2.3%
Income before income taxes	2,900.0	13.2%	2,583.5	-10.9%	2,462.7	-4.7%	2,696.0	9.5%	2,419.0	-10.3%	2,541.4	5.1%	2,726.9	7.3%
Provision for income taxes	(978.0)	10.6%	(845.0)	-13.6%	(814.6)	-3.6%	(761.0)	-6.6%	(605.9)	-20.4%	(547.3)	-9.7%	(591.9)	8.1%
Tax Rate	-33.7%		-32.7%		-33.1%		-28.2%		-25.0%		-21.5%		-21.7%	
Equity in affil. companies	(46.0)	50.8%	(48.1)	4.6%	(27.0)	-43.9%	(50.0)	85.2%	(20.2)	-59.6%	(9.8)	-51.5%	(26.1)	166.3%
Minority Interest	0.0	NM	0.0	NM	0.0	NM	(36.0)	NM	(17.0)	NM	0.0	NM	0.0	NM
After-tax cash flow	2,333.0	10.2%	2,062	-11.6%	2,022.1	-2.0%	2,094.0	3.6%	1,998.9	-4.5%	2,207.3	10.4%	2,337.9	5.9%
ATCF/share	3.74	16.3%	3.68	-1.6%	4.27	15.8%	4.56	6.8%	5.06	11.0%	5.97	17.9%	6.73	12.7%
Net income	1,876.0	13.9%	1,690.4	-9.9%	1,621.1	-4.1%	1,849.0	14.1%	1,775.9	-4.0%	1,984.3	11.7%	2,108.9	6.3%
Diluted shares outstanding	631.2	-1.1%	530.0	-16.0%	474.0	-10.6%	459.5	-3.1%	395.0	-14.0%	370.0	-6.3%	347.6	-6.1%
Diluted EPS	\$3.01	20.3%	\$3.01	0.1%	\$3.32	10.1%	\$4.13	24.5%	\$4.37	5.9%	\$5.25	20.0%	\$5.93	13.1%

Sources: Company filings, S&P Capital IQ and Imperial Capital, LLC.

**Figure 5. CBS Corporation—Consolidated Balance Sheet Data, 2016–2019E**

	2016A	2017A	FQ2 2018	2018E	2019E
Assets					
Cash & Cash Equivalents	\$598.0	\$285.0	\$252.0	\$198.2	\$150.2
Receivables, net	\$3,314.0	\$3,697.0	\$3,597.0	\$3,478.0	\$2,777.0
Programming & other inventory	\$1,427.0	\$1,828.0	\$1,876.0	\$1,201.0	\$980.0
Prepaid expenses/other current assets	\$724.0	\$463.0	\$323.0	\$778.0	\$1,313.3
Total Current Assets	\$6,063.0	\$6,273.0	\$6,048.0	\$5,655.2	\$5,220.5
PP&E	\$2,935.0	\$3,051.0	\$2,984.0	\$2,943.0	\$4,546.2
Less, accumulated depreciation	\$1,694.0	\$1,771.0	\$1,747.0	\$1,723.0	\$1,554.4
Net PP&E	\$1,241.0	\$1,280.0	\$1,237.0	\$1,220.0	\$2,991.8
Programming & other inventory	\$2,439.0	\$2,881.0	\$3,197.0	\$2,546.0	\$1,256.6
Goodwill	\$4,864.0	\$4,891.0	\$4,921.0	\$4,889.0	\$6,214.0
Intangible Assets	\$2,633.0	\$2,666.0	\$2,655.0	\$2,631.0	\$6,033.0
Other assets	\$6,998.0	\$2,852.0	\$2,327.0	\$6,116.0	\$1,669.3
Total Assets	\$24,238.0	\$20,843.0	\$20,385.0	\$23,057.2	\$23,385.2
Liabilities & Shareholder's Equity					
Accounts payable	\$148.0	\$231.0	\$138.0	\$158.0	\$465.2
Participant's share/royalties payable	\$1,024.0	\$986.0	\$1,071.0	\$1,022.0	\$744.1
Program rights	\$290.0	\$373.0	\$369.0	\$477.0	\$555.6
Current portion of LT debt	\$450.0	\$679.0	\$370.0	\$53.0	\$21.3
Accrued expenses/other current liabilities	\$1,796.0	\$1,703.0	\$1,836.0	\$1,714.0	\$2,300.3
Total current liabilities	\$3,708.0	\$3,972.0	\$3,784.0	\$3,424.0	\$4,086.5
Long term debt	\$8,902.0	\$9,464.0	\$9,464.0	\$8,900.0	\$8,856.0
Other liabilities	\$5,488.0	\$5,387.0	\$4,970.0	\$5,359.0	\$7,666.5
Minority Interest	\$67.0	\$42.0	\$0.0	\$0.0	\$1.2
Stockholders Equity	\$3,689.0	\$1,978.0	\$2,167.0	\$3,032.0	\$3,114.0
Total liabilities & shareholder's equity	\$24,238.0	\$20,843.0	\$20,385.0	\$23,057.2	\$23,385.2

Sources: Company filings, S&P Capital IQ and Imperial Capital, LLC.

**Figure 6. CBS Corporation—Consolidated Statement of Cash Flows, 2014–2019E**

	2014A	2015A	2016A	2017A	2018E	2019E
Operating Activities:						
Net income	1,690.4	1,621.1	1,849.0	1,775.9	1,984.3	2,108.9
Less: Net earnings from discontinued ops	0.0	0.0	0.0	0.0	2.2	2.2
Net earnings from continuing ops	1,690.4	1,621.1	1,849.0	1,775.9	1,982.1	2,106.7
Depreciation/Amortization	372.0	401.0	245.0	223.0	223.0	229.0
Impairment charges	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
Stock-based comp	5.0	5.0	5.0	5.0	5.0	5.0
Equity in loss of investees	(56.0)	(56.0)	(56.0)	(79.0)	(89.5)	(90.3)
Distributions from investee co.'s	7.0	7.0	7.0	7.0	7.0	7.0
Minority interest, net of tax	(32.3)	(32.3)	(32.3)	(32.3)	(32.3)	(32.3)
Change in assets/liabilities	88.1	88.1	88.1	88.1	88.1	88.1
Net cash flow from (used for) discontinued ops	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow from (used for) operating activities	2,073.6	2,033.3	2,105.2	1,987.1	2,182.8	2,312.6
Investing activities:						
Acquisitions/net of cash required	(55.5)	(55.5)	(55.5)	(55.5)	(55.5)	(55.5)
Cap-ex	(300.0)	(300.0)	(300.0)	(290.0)	(345.0)	(235.0)
Investments/advances to investees	(99.3)	(99.3)	(299.3)	(299.3)	(255.6)	(225.4)
Proceeds from dispositions	432.0	432.0	432.0	422.3	422.3	422.3
Proceeds from sales of investments	152.3	188.2	188.2	188.2	190.3	195.4
Net receipts from Viacom related to separation	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Other, net	2.3	2.3	2.3	2.3	2.3	2.3
Net cash flow from (used for) discontinued ops	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow used for investing activities	129.8	165.7	(34.3)	(34.0)	(43.2)	102.1
Financing Activities:						
Borrowings from (repayments to) banks	(122.3)	(122.3)	(122.3)	(122.3)	(122.3)	(142.9)
Proceeds from note issuance	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of notes	(698.2)	(779.6)	(779.6)	(763.3)	(763.3)	(763.3)
Payment of capital lease obligations	(117.8)	(117.8)	(222.3)	(230.3)	(229.0)	(229.0)
Purchase of Co. Common stock	(666.3)	(666.3)	(666.3)	(662.2)	(625.3)	(725.3)
Dividends	(650.3)	(650.3)	(650.3)	(647.1)	(647.1)	(647.1)
Proceeds from exercise of options	195.0	195.0	195.0	210.2	190.2	190.2
Excess tax benefit from stock-based comp	8.9	8.9	8.9	8.9	8.9	8.9
Other, net	0.3	0.3	0.3	0.3	0.3	0.3
Net cash flows used for financing activities	(2,050.7)	(2,132.1)	(2,236.6)	(2,205.8)	(2,187.6)	(2,308.2)
Net increase (decrease) in cash/cash equivalents	152.7	66.9	(165.7)	(252.7)	(48.0)	106.5
Cash/cash equivalents at beginning of period	397.0	549.7	616.6	450.9	198.2	150.2
Cash/cash equivalents at end of period	549.7	616.6	450.9	198.2	150.2	256.7

Sources: Company filings, S&P Capital IQ and Imperial Capital, LLC.



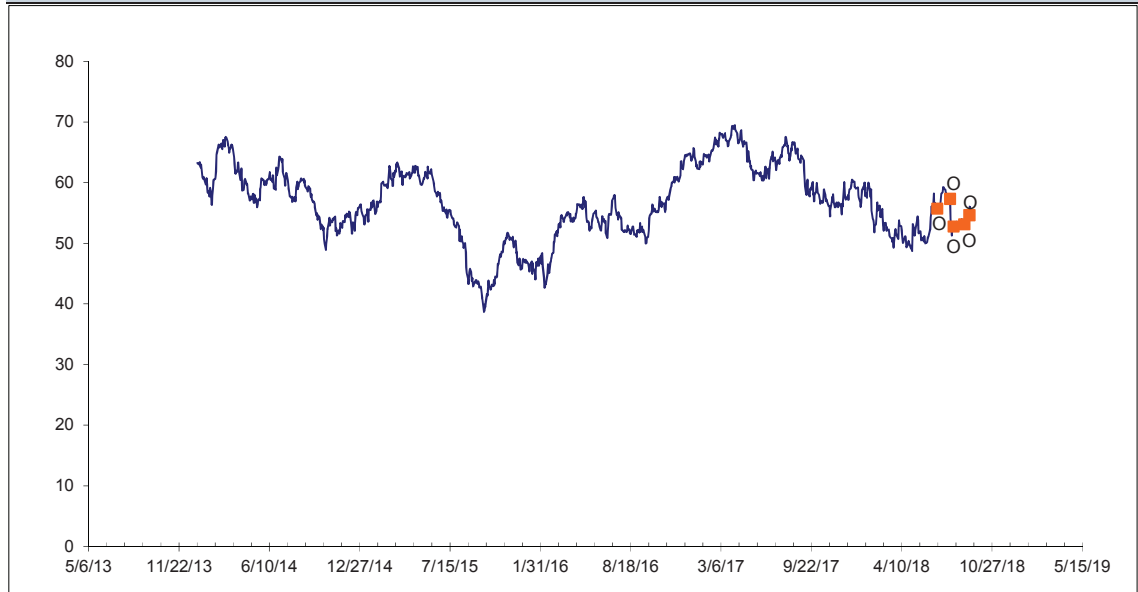
Risk Factors

- **Deep Exposure to Ad Cycle.** CBS derives substantial revenues from the sale of advertising on its broadcast and basic cable networks, television stations, syndicated programming, and digital properties. A decline in the economic prospects of advertisers, the economy in general or the economy of any individual geographic market, particularly a major market, such as Los Angeles, New York, or Chicago, in which the company owns and operates sizeable businesses, could alter current or prospective advertisers' spending priorities.
- **No guarantees on programming.** Television, radio, motion picture, and other content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of such content, and the licensing of rights to the associated intellectual property, depend primarily upon their acceptance by the public, which is very difficult to predict.
- **Ratings can severely affect the income statement.** Ratings points are also factors that are weighed when determining the advertising rates that the company receives. The use of evolving ratings technologies and measurements, and viewership on platforms or devices, such as tablets, smart phones and other mobile devices that is not being measured could have an impact on the company's program ratings.
- **Sports rights could end up a liability instead of an asset.** Any decreased popularity of programming for which the company has incurred significant commitments could have an adverse effect on its profitability. A shortfall, now or in the future, in the expected popularity of the sports events for which the company has acquired rights, or in the television and radio programming the company expects to distribute, could lead to decreased profitability or losses for a significant period of time.
- **Strikes and other union activity could affect operations.** Depending on the duration, a lockout, or any strikes or work stoppages could have an adverse effect on CBS' revenues, cash flows, and/or operating income. CBS and its suppliers engage the services of writers, directors, actors, trade employees and others who are subject to collective bargaining agreements. If CBS or its suppliers are unable to renew expiring collective bargaining agreements, it is possible that the affected unions or others could take action in the form of strikes or work stoppages.
- **Interests of NAI Could Adversely Affect the Stock Price.** National Amusements Inc. (NAI, private) retains voting control of both CBS and Viacom Inc. Sumner Redstone, the controlling stockholder through his SMR Trust, Chairman of the Board of Directors and Chief Executive officer of NAI, serves as Chairman Emeritus of the Company and Chairman Emeritus of Viacom Inc. His daughter, Shari Redstone, serves as Vice Chair of the Board of Directors of each of CBS and Viacom Inc. As such, the ownership overlap could create, or appear to create, potential conflicts of interest when CBS' and Viacom Inc.'s directors face decisions that could have different implications for both CBS and Viacom Inc. As a notable example, certain of Viacom's directors, including Ms. Redstone herself, are interested in re-merging the two companies, unwinding a separation agreement which took place in 2006. Such a transaction, if it happens, could have adverse effects on CBS' share price.



Price Chart and Ratings History

Figure 7. CBS Corporation—Price Chart and Ratings History



Description	Price	IC Rating	Report Date
Common Stock	\$54.63	Outperform	9/7/18
Common Stock	\$53.11	Outperform	8/27/18
Common Stock	\$52.72	Outperform	8/3/18
Common Stock	\$57.30	Outperform	7/26/18
Common Stock	\$55.71	Outperform	6/28/18

Sources: Bloomberg and Imperial Capital, LLC.

Companies under coverage: David W. Miller: AMC Entertainment (AMC), AMC Networks (AMCX), CBS Corp. (CBS), Cinemark (CNK), Discovery Inc. (DISCA), Lamar Advertising (LAMR), Lionsgate Entertainment (LGF.b), Madison Square Garden Company (MSG), MSG Networks (MSGN), Netflix (NFLX), Outfront Media (OUT), Viacom (VIAB), Walt Disney (DIS).



Important Disclosures, Certifications and Other Information

Ratings Distribution and Definitions

Equity Ratings Definitions (as of 7/1/09)		
Outperform	65.45%	Outperform: TRR expected to exceed basket by at least 10%
In-Line	30.91%	In-Line: TRR expected to be in-line with basket
Underperform	3.64%	Underperform: TRR expected to underperform basket by at least 10%
This Equity Ratings Distribution reflects the percentage distribution for rated equity securities for the twelve month period 7/1/17 through 6/30/18. Rating definitions are expressed as the total rate of return (TRR) relative to the expected performance of a basket of like securities over a 12-month period. Within the twelve month period ended 6/30/18, IC has provided investment banking services to 16.66% of companies with equity rated an Outperform, 0.00% of companies with equity rated an Underperform, and 8.82% of companies with equity rated an In-Line. As of 6/30/18.		
Fixed Income Ratings Definitions and Equity Ratings Definitions (prior to 7/1/09)		
Buy: TRR expected to exceed basket by at least 10%		
Hold: TRR expected to be in-line with basket		
Sell: TRR expected to underperform basket by at least 10%		
Rating definitions are expressed as the total rate of return (TRR) relative to the expected performance of a basket of like securities over a 12-month period. Please refer to our publication dated 7/1/09 for details associated with the transition of our Equity Ratings to the current definitions.		

For a discussion of the valuation methods used to determine our price target, if any, please see page 2. See page 7 for the risks that may impede achievement of such price target, and page 8 for our ratings history and price chart.

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COMPANY

DISCLOSURE

CBS Corporation	None
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